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THE INTERIM

A REPORT OF INTERIM ACTIVITY . . . MONTANA LEGISLATIVE COUNCIL . . . HELENA

July 1987 Vol. VI No. 2

Desktop Publishing Allows New Look

Beginning this issue the Interim has a new "typeset" format rather than the typed look it previously had. Both the current version and the former versions were printed for camera-ready on the Council's Xerox 4045 laser printer.

Now that the session is over the staff has had the time to use the printer for its printing quality as well as printing speed.

The Interim will be printed using proportional spacing fonts and desktop publishing software from regular word processing documents. The new format should provide some savings because about a half to two-thirds of the pages will be needed for the same information. The staff hopes the readers will find the new format is also more readable and thus more effective as a communications medium.

Environmental Quality Council

At its June meeting the Environmental Quality Council elected Senator Mike Halligan chairman and Representative Bob Gilbert vice-chairman.

Forest Management

One of the Council's major interim projects will be a study of the relationship of forest management activities to watershed effects. The study, mandated by HJR 49, will attempt to determine if Montana watersheds are being adversely affected by timber harvesting, what management practices can best meet timber and watershed needs, and how such practices are being or might be implemented.

Two Projects in Work Plan

The workplan also includes the culmination of two projects that received considerable Council attention during the past interim. In pursuing the Montana Environmental Policy Act (MEPA) project, Council and staff will continue to work with administration officials to devise ways to improve the usefulness and efficiency of environmental documents, to provide guidelines on MEPA decisions, and to consider formalizing certain MEPA procedures. The study of subdivision regulation will build on efforts during the previous interim and attempt to resolve policy issues where interested parties have been unable to reach agreement. Other workplan subjects include oversight of hazardous materials management programs and participation in the programmatic review of oil and gas development being undertaken pursuant to SB 184.

The EQC will meet next in September but the exact date has not been set.

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Montana Legislative Council

Legislative Audit Committee

The Legislative Audit Committee met June 18-19 when the following reports were reviewed and released:

Financial Compliance Audits

Eastern Montana College
Western Montana College
Montana College of Mineral Science and Technology
Office of Political Practices
Montana Historical Society
Department of Natural Resources
Department of Fish, Wildlife, and Parks
Judicial Branch
Office of the Governor and Lieutenant Governor
Department of Public Service Regulation
Secretary of State

Performance Audits

Department of Administration, Photocopy Pool
Department of Administration, Rejected Bids

Contract Audits

Department of Commerce, Coal Board Grants
Miles Community College
Flathead Valley Community College

Legislative Auditor Reappointed

The Committee approved the FY 88 operating plan for the Legislative Auditor's Office and reappointed Scott Seacat as Legislative Auditor for the two-year term beginning July 1, 1987.

The next meeting is scheduled for Sept. 18

Consumer Counsel Committee

The Consumer Counsel Committee will meet at 8:30 a.m. Friday, July 10, at the Ponderosa Inn in Great Falls.

Topics on the agenda include:

- Public Service Commission tax reform dockets
- Butte Water Company rate filings
- Montana-Dakota Utilities Co. gas purchasing practices

Legislative Council

Meeting on July 8

The Legislative Council will meet July 8 to discuss a wide range of issues Included on the agenda will be approval of operating budgets for the interim studies and special revenue programs; setting a sales price for the 1987 *Montana Code Annotated*; discussion of a range of issues for Council consideration during the interim; discussion of a staff review of session work; and an update on current office activities.

Senate Interim Appointments

The Committee on Committees has announced the appointment of the following senators to serve on various interim activities.

Joint Interim Subcommittee on Welfare Reform:
Gary Aklestad
Richard Manning
Bill Norman
Harry H. (Doc) McLane

Joint Interim Subcommittee on Basic Education:
Chet Blaylock
H W (Swede) Hammond
Greg Jergeson
George McCallum

University Funding Study (LFA):
Al Bishop
Judy Jacobson
Allen C. Kolstad
Pat Regan

Telecommunications Study:
Ted Neuman

Initiative Petitions

The Legal Division of the Legislative Council has recently reviewed proposed initiative petitions to:

- ban parking meters;
- remove mandatory school attendance requirements; and
- provide homeowner's property tax relief.

Library Services

The Legislative Council Library staff is available to help legislators and staff with information re-

quests during the interim. The library staff can provide current information on legislative issues, copies of reports from other states and publishers as well as legislative histories to satisfy constituent requests, etc. The staff makes every effort to deliver the materials within the time specified. If the information needed is not in the Legislative Council Library, the staff has access to the resources in all Helena libraries plus library networks throughout the country.

The Legislative Council Library also publishes a monthly acquisitions list. This list includes all recent purchases, items received through exchange with other state legislatures, plus any other items added to the collection. If you would like to receive a copy of the list, please call Sally Halverson at 444-3064.

Legislative Finance Committee

Appropriations Report Released

The Legislative Finance Committee met Saturday, June 20. The chief item of business was release of the *Appropriations Report*, prepared by the Office of the Legislative Fiscal Analyst. In conjunction with the *Appropriations Report*, the Office of the Legislative Fiscal Analyst gave an update of fiscal 1987 general fund revenue projections.

Revenue Projections

In the update of fiscal 1987 revenue, the Legislative Fiscal Analyst projected the general fund balance will fall $0.4 million short of the post-session forecast of $11.0 million.

A $15 million shortfall is expected in corporation license tax collections where revenue is below expectations because of a sharp decline in profitability, especially among firms involved in the energy industry. Offsetting most of that shortfall is $7.1 million of additional individual income tax revenue and $7.5 million of unexpected U.S. mineral royalty payments.

The reason for the additional income tax revenue is unknown at this time, but may be linked to federal tax reform and the large, unanticipated jump in tax payments on capital gains observed at the federal level.

Fiscal 1987 U.S. mineral royalty payments to the school foundation program are now forecast to exceed the original projection by $7.5 million because of the transfer of protested coal royalties to the state. Earlier this year a federal court upheld the 12.5 percent federal royalty rate that Spring Creek and Decker Coal Companies had been paying under protest since 1985.

Administrative Code Committee

At its second meeting on June 29, the Administrative Code Committee voted:

- unanimously request the Montana State Lottery Commission to either repeal its recent rule providing that by claiming a prize the claimant authorizes use of claimant's name and photo for publicity purposes, or to amend the rule to provide that the name and photo will not be used if claimant objects;
- to further study, and consider at the next meeting, a rule of the Board of Natural Resources and Conservation providing that before an order reserving water will be adopted the board must find that the water use efficiencies associated with diversionary uses are reasonable and that there are no other reasonable cost-effective measures that could be taken within the reservation term to increase the use efficiency and lessen the amount of water required for the purpose of the reservation. Interested parties will be invited to the next meeting to give their views on the rule and its purposes;
- to inform the Department of Highways in writing that the Department is not improperly implementing HB 51 of the 1987 Legislature, and that the Department should develop an in-house procedure for implementing the bill until the next regular session, when authority to implement the bill's provisions by rule (inadvertently left out of the bill) can be enacted into law; and
- to have its staff contact the Board of Optometrists and obtain the board's reasoning behind ARM 8.36.406(1)(b), which provides that an optometrist's office space must be private, separate, and outside the confines of any store, and the reasoning behind the board's interpretation of that rule to prohibit an office in a shopping mall. The Committee will be polled by phone on the members' reaction to the board's reasoning and if a majority do not agree the board will be informed in writing that the Committee views the rule and/or its interpretation to be invalid.

No Action Taken

The Committee took no action on:

- a Department of Revenue interpretation of the green belt appraisal law's provision stating when a parcel of 20 acres or less will be treated as agricultural land. The Department interprets the law to mean that if livestock or poultry are raised and marketed, the parcel must produce at least $1,500 worth of graze or crops, whether or not the graze or crops are fed to the livestock or poultry;
- a Bureau of Weights and Measures rule exempting electronic scales from the requirement that certain scales must have pits under them;
- a Board of Real Estate rule requiring licensees to disclose to interested parties remuneration received in addition to a commission; and
- the Department of Institution's deletion of a rule provision requiring that if there is a question of the competency of a person who wishes to voluntarily admit himself to the Montana Center for the Aged the person must have a legal guardian at the time of admission.

The Committee tentatively plans to hold its next meeting on Friday, Nov. 6.

Coal Tax Oversight Subcommittee

The organizational meeting of the Coal Tax Oversight Subcommittee is set for 10 a.m., Friday, July 10, in Room 104 of the Capitol.

Senator John H. Anderson, Jr., the senior senator, will convene the Subcommittee for the meeting during which a permanent chairman and vice-chairman will be elected.

Other business will include a review of coal severance tax legislation enacted by the 1987 Legislature, a preview of activities during the 1987-88 interim, and adoption of a schedule of tentative meeting dates.

Revenue Oversight Committee

The Revenue Oversight Committee held its second meeting of the interim on Monday, June 22, when items discussed ranged from the case load before the State Tax Appeal Board (estimated at 2,700 appeals) to the Department of Revenue's net proceeds audit program of Montana's natural gas producers.

Two Studies Approved

As assigned to the Committee, House Joint Resolutions 48 and 56 will be completed.

HJR 48 requires a study of the state's procedures for the revaluation of property for property tax purposes, commonly referred to as "reappraisal".

HJR 56 requests a study of the state's enforcement of the gasoline license tax collection laws.

Legislative Review

The Committee's staff also presented the first installment of a review of tax legislation enacted during the 1980s. The presentation was limited to legislation adopted during the 1987 session.

When completed, the review will summarize all tax legislation enacted since the 1981 session, identify legislative trends in tax policy, and attempt to trace the fiscal consequences of the legislation.

Acts Effective July 1

The Department reported that Senate Bill No. 200, reestablishing the ad valorem tax on vehicles, will be implemented on July 1 as required in the bill. House Bill No. 84, the accommodations tax bill, will also be implemented July 1.

Crow Coal Case

The Department also commented on the decision of the Ninth U.S. Circuit Court of Appeals on the Crow Coal tax issue. The unanimous court overturned Judge Battin, thus holding that the state could not legally tax coal mined on the "ceded strip". The fiscal implications include severance and gross proceeds taxes that cannot legally be collected in the future, and severance taxes (plus interest) that were paid under protest and appropriated rather than escrowed. The unescrowed (i.e. appropriated) severance tax alone could approach $45 million.

The Circuit Court's decision has been appealed, and the Department anticipates that a decision from the U.S. Supreme Court will be made before July of next year.

September 11 Meeting Slated

Friday, Sept. 11 was selected as the date for the next meeting. If you have an item that you would like the Committee to consider, please contact

either Senator Bob Brown, Chairman, or the Legislative Council.

Montana-Western Canadian Provinces Boundary Advisory Committee

Appointed by the Governor to fill the four executive branch seats on the Montana-Western Canadian Provinces Boundary Advisory Committee were Commerce Department Director Keith Colbo, Agriculture Department Director Keith Kelly, Water Resources Division Administrator Gary Fritz, and 49th Parallel Institute Director Lauren McKinsey. They join previously designated legislators on the joint legislative-executive panel chaired by Lt. Gov. George Turman.

Meeting in Regina

Several members of the committee accompanied Governor Schwinden and the Lieutenant Governor to Regina, Sask., on July 2, at the invitation of Premier Devine, to initiate a permanent forum for continuing discussion between Montana and Saskatchewan. Among topics discussed were problems associated with developments along the Poplar River, issues concerned with Milk River and Beaver Creek, the Transboundary Pollution Reciprocal Access Act, tourism development potential including the Winter Olympics, joint trade promotion and identification of trade opportunities, and agricultural issues.

Water Policy Committee

The Water Policy Committee will conduct its second meeting of the Interim on Thursday, July 9, beginning at 9:30 a.m. in Room 104 of the Capitol.

The main agenda item will be a review of a draft Request-for-Proposals (RFP) for a study of the water rights adjudication process. The study was funded through House Bill 2. The RFP was developed by a task force appointed by Senator Jack Galt, committee chairman, and contemplates a study of the adjudication process to determine if it is meeting statutory mandates and if it would withstand challenge in state or federal court.

Super Collider Proposal Effort in Final Stages

The task force designated to prepare Montana's bid for the $4.4 billion superconducting super collider research facility sponsored by the U.S. Department of Energy is proceeding on schedule and will meet the deadline.

Proposals are due Aug. 3, and task force members anticipate a topflight proposal and expect Montana to be included on the DOE "short list" of six to eight states selected as finalists.

The task force will meet several more times before Aug. 1 with officials of the engineering firm of Stone and Webster that was selected to prepare Montana's proposal for the site in Comanche Basin, about 15 miles northwest of Billings.

The Montana Ambassadors raised $100,000 to match the $300,000 appropriated by the 1987 Legislature to fund the effort.

The schedule for the final four weeks of the proposal preparation, as originally outlined, focuses on review and rewrite of the draft proposal and final production.

Change Your Address, Aid All Concerned

There's an easy way for legislators to help their correspondents save stationery and mailing costs and to help the Legislative Council office staff members reduce their workload.

Just be sure to inform anyone who was sending mail to you at the Capitol during the 1987 session of your permanent address, either home or business.

First class mail will be forwarded to the lawmaker's permanent address. Much other mail, particularly home town newspapers, arrives here each week and goes into the round file.

Your home town publisher would welcome a reminder to discontinue sending a paper to you at Helena, especially since it's probably a complimentary copy. Likewise, other correspondents can eliminate unnecessary mailings or speed delivery of important mail by using your correct permanent address.

Publication Dates Near

Publications emanating from the 50th Legislature are expected to begin appearing this month

- *History and Final Status* mailing is scheduled for the end of the second week of July
- *Legislative Review* mailing planned in late July
- *Laws of 1987* mailing tentatively scheduled in mid-August
- *Montana Code Annotated* delivery by Oct. 1
- *House Journal* and *Senate Journal* tentatively set for delivery in mid-November
- *Interim Directory of Legislative Committees* should be delivered before Aug. 1

Western States Legislative Forestry Task Force

A high level entourage of forestry officials displayed their woods skills while returning to Missoula from a field trip to Lubrecht Experimental Forest. Discovery of a small roadside blaze resulted in the entourage including an ex-chief of the U.S. Forest Service, a regional forester, the B.C. minister of forests, and other dignitaries turning a hand to suppress the fire quickly.

The tour was part of the agenda of the meeting June 26, 27, and 28 in Missoula of the Western States Legislative Forestry Task Force. All Montana members of the task force--Senators Elmer Severson and Ray Lybeck and Representatives Bob Ream and Bernie Swift--participated and called the meeting very successful. Among the out-of-state visitors were Max Peterson, chief emeritus of the U.S. Forest Service, and Dave Parker, minister of forests in British Columbia. About 50 persons attended.

During the meeting, Regional Forester James Overbay of Missoula warned of possible timber shortages in several Montana national forests because of failure to agree on a Montana wilderness bill.

The task force includes legislators from Montana, Idaho, Washington, Oregon, California, and Alaska plus a nonvoting member from B.C. The province of Alberta is expected to become an associate member, and the next meeting is tentatively planned in that province in September.

Recent Agency Publications

Legislative Council

- 1987 Legislation Affecting Revenue and Spending of School Districts
- Tax Legislation Enacted by the 1987 Montana Legislature
- Legal Memoranda
  - Greenbelt Appraisal of a Parcel of Less Than 20 Acres on Which No Feed Is Raised for the Animals Raised on the Land
  - Effect of Void CI-30 Election on Tort Reform Legislation
  - Applicability of New and Expanding Industry Tax Benefit

Environmental Quality Council

- Montana Legislation on Hazardous Substances in the Environment

Refer to the text of this issue for other report references

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JULY

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1	2	3	4 INDEPENDENCE DAY
5	6	7	8 LEGISLATIVE COUNCIL-rm.104	9 DOC - Water Policy-rm.104	10 COAL TAX OVERSIGHT COMM. rm.104-10am CONS. COUNSEL G.F.-Ponderosa Inn - 8:30am	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

----------NATIONAL CONFERENCE OF STATE LEGISLATURES ANNUAL MEETING, INDIANAPOLIS----------

*ALL MEETINGS ARE SUBJECT TO CHANGE

LEGISLATIVE INTERIM CALENDAR

AUGUST

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23 30	24 31	25	26	27	28	29

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Montana Legislative Council
Room 138
State Capitol
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